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SUBJECT: COMMERCE U/S MCCORMICK DISCUSSES STRATEGIC TRADE AND EXPORT CONTROLS IN UAE

REF: A. ABU DHABI 849, B. ABU DHABI 852, C. DUBAI 1322

CLASSIFIED BY: Jason L Davis, Consul General, Dubai, UAE.

REASON: 1.4 (b), (d), (e)

1.(C) Summary: Commerce U/S David McCormick visited Abu Dhabi and Dubai March 5-6, for discussions about strategic trade and export control matters with federal and local UAE officials, as well as the business community. In Abu Dhabi, after expressing concern about the high number of unfavorable end use checks, U/S McCormick pressed for passage of UAE export control legislation with the Foreign Minister, Minister of Economy, and the Director of Federal Customs Authority. The Under Secretary also voiced concern over recent reports of secondary and tertiary boycott requests from UAE entities. In Dubai he met with the head of the UAE's Counterproliferation Task Force, seeking to move forward on proposed working groups, and with the Dubai Customs Director. He also visited CSI facilities at Dubai's Port Rashid, and held discussions with the American business communities in both Abu Dhabi and Dubai. (See Ref C for a report of U/S McCormick's Dubai meetings with Dubai Ports Executive Chairman Sultan bin Sulayim, and Minister of State for Cabinet Affairs Mohammed Gergawi.) End Summary.

2.(C) David McCormick, Under Secretary of Commerce for Industry and Security, visited Abu Dhabi and Dubai March 5-6 for discussions about strategic trade and export control matters with federal and local UAE officials, as well as the business community. Ambassador, Gabriel Pellathy (Senior Advisor to the Under Secretary), Cherie Loustaunau (Director, Office of Middle East, ITA), BIS agents, and PolEconoff (notetaker) also participated. Consul General joined for Dubai meetings. In each of U/S McCormick's meetings with government officials, he stressed three main points that could serve to take US-UAE trade and cooperation to the next level: first, passage of the UAE's national export control legislation; second, launching the three proposed working groups of the US-UAE Counterproliferation Task Force (CPTF); and lastly, support for the Proliferation Security Initiative (PSI).

Passing UAE's Export Control Legislation

3.(C) Mohammed Al Mehairi, Director of the UAE Federal Customs Authority (FCA), told U/S McCormick March 5 that the UAE government understands that passing the export control legislation is "essential." Mehairi noted that he sees trade as a mover of change in the region. By broadening trade with

countries like Iran and Syria, he hopes they and other regional countries can become "mutually dependent" on peace in the region. Mehairi asked U/S McCormick to push the export control legislation in later meetings with UAE Foreign Minister Abdullah bin Zayed (AbZ), and Sheikha Lubna Al Qasimi, Minister of Economy and Planning. (Note: Mehairi's organization would face significant challenges, and perhaps an increase in stature, should the legislation be passed, since enforcing it could fall to the FCA. The FCA currently has no real enforcement power since individual emirates run their own customs agencies. Mehairi himself, however, has little leverage in terms of pushing for action on the issue. End Note.) Mehairi appeared very interested in U/S McCormick's invitation to a DOC annual Business and Industry conference, and also asked for more training opportunities for his staff.

4.(C) On March 5, U/S McCormick told Sheikha Lubna Al Qasimi, Minister of Economy, that export controls are the foundation for growth of high technology trade with the US. He stressed the fact that BIS end-use verification percentages in the UAE lag far behind most US trading partners. Abdullah bin Zayed (AbZ), UAE Foreign Minister, later joined the meeting and told U/S McCormick the export control legislation is "possibly" in Sheikha Lubna's committee for action. Sheikha Lubna agreed to check the status and report back. (Note: The export control legislation has been "stuck in committee" for more than 18 months, reflecting both interagency and inter-emirate disputes. End Note.) AbZ spoke about Iran, and the need for export controls in order to prevent it from attaining a nuclear weapons capability. He said the UAE recognizes "Iran's tricks" and the crucial role his country plays as a transshipment hub. He offered any assistance to help on the nuclear issue, saying it is a matter of life and death for Emiratis, who "have nowhere else to live." U/S McCormick expressed gratitude for the UAE's leadership in the GCC and their commitment to make export controls a greater priority.

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5.(C) During this meeting, the U/S discussed other issues of concern to the US. He raised the issue of increased numbers of secondary and tertiary boycott requests from UAE entities. Sheikha Lubna described positive measures the UAE intends to take to eliminate such secondary and tertiary requests (see also Ref A). The U/S reiterated the desire of the US for the UAE to endorse the PSI statement of principles and AbZ responded that he should soon receive the UAE's response on PSI for his review (see also Ref B). Lastly the U/S also emphasized the UAE's obligations under the CWC and offered assistance in helping the UAE to meet its obligations.

Launching the CPTF Working Groups

6.(C) On March 6, U/S McCormick met with Brigadier General Mohammed Al Qemzi, Director of Dubai State Security Organization, and head of the UAE CPTF, and other SSO personnel to include Brigadier Abdulaziz, Major Mansour, Colonel Obeid, and Captain Majid. U/S McCormick stressed the importance of the Counter Proliferation Task Force Initiative and asked Qemzi whether it would be possible for the three CPTF working groups to meet before May. (In his meeting with AbZ the previous day, U/S McCormick told AbZ the US is anxious to push forward on the CPTF working groups. AbZ did not make any commitment on initiating the working groups.) Qemzi was non-committal on dates, saying that the Export Controls Working Group falls squarely with the MFA and FCA. He stressed the need for export control legislation to be passed for the working group to be most effective. He said freezing assets of proliferators - the subject of the Counterproliferation Finance Working Group - must be done by other entities until the export control legislation is passed. Qemzi characterized the job of the Transshipment Working Group as "tricky." Without necessary laws, his organization works to find "creative" ways to prevent the shipment of dual-use items, but that it has led to embarrassing situations in the past. U/S McCormick and Ambassador explained

how international control regimes such as Wassenaar contribute to the licensing process in the US, and offered to host a meeting to discuss these issues further.

7.(C) To further US-UAE cooperation on export control efforts, U/S McCormick said one important way the UAE can contribute is for the UAE to provide more data on re-export trade through the UAE. Qemzi requested that the US provide to the UAE information about UAE companies discovered through US end-use checks to be involved in illegal re-exports. Qemzi thanked U/S McCormick for his offer to help SSO build better export control capacity. Qemzi also offered to find out the status of the export control legislation and to press the leadership to speed up its work on it.

Comments on Dubai Ports World

8.(C) Sheikha Lubna asked about the furor over Dubai Ports World (DPW). U/S McCormick responded that the views of the President, Secretary of State, and other administration officials should

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leave no question about their support for the DPW deal. Sheikha Lubna was amazed at the misinformation being spread about DPW, but expressed her gratitude for the administration's support. She also raised the DPW issue in reference to the FTA negotiations, noting the difficulty explaining the situation to the Emirati business community, with whom the FTA is already unpopular (REF A). AbZ said he was moved by the support of the President and Vice President, and that their comments had not gone unnoticed. Qemzi also expressed frustration over the DPW issue and the mistaken image many Americans seem to have of the UAE. As head of a security organization, he was baffled by suggestions that the US security apparatus would be compromised if DPW operated American port terminals. The DPW issue dominated U/S McCormick's conversations with Sultan bin Sulayem and Mohammad Gargawi (ref C).

Visit to Dubai Customs and CSI

9.(C) U/S McCormick met with Ahmed Butti, Director of Dubai Customs, to discuss security and transshipment issues. Butti explained that customs needs specific information to move against a suspect shipment. He stressed that DPW is not itself responsible for port security in Dubai. Following the meeting, U/S McCormick visited the offices of DHS's Container Security Initiative at Dubai Customs Headquarters at Port Rashid. He

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also witnessed a demonstration of the CSI container inspection equipment used to examine US-bound containers leaving Port Rashid.

Meetings with ABG and ABC

10.(U) U/S McCormick met with the American Business Group in Abu Dhabi and the American Business Council in Dubai. With both organizations U/S McCormick stressed the importance of the UAE as a partner and ally on economic as well as security issues and emphasized the importance of the cooperation of the business community in an effective export control system. He spoke of the need for the UAE to implement export controls and the ability of the Commerce Department to work with the UAE to further high technology trade and ensure trade security. Both the ABG and ABC were eager to speak with him about DPW and the effect of export controls on trade in the UAE.

11.(U) U/S McCormick has cleared this message.
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